

## Message Text

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12

ACTION EA-07

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /015 W

----- 123879

R 010530Z MAY 74

FM AMEMBASSY SAIGON

TO USDOC WASHDC

INFO SECSTATE WASHDC 4254

AMCONSUL HONG KONG

AMEMBASSY SINGAPORE

UNCLAS SAIGON 5678

E.O. 11652: N/A

TAGS: BEXP, VS

SUB: TRADE OPPORTUNITY: HYATT HOTEL LEASE AGREEMENT SIGNED

REF: SAIGON 17477

1. SUMMARY: HYATT HOTEL LEASE WAS SIGNED ON APRIL 29 AFTER SEVERAL MONTHS OF DIFFICULT NEGOTIATIONS. CONSTRUCTION OF THE 550-ROOM HOTEL IS EXPECTED TO BEGIN THIS FALL. ACTION REQUESTED: COMMERCE IS REQUESTED TO ALERT U.S. MANUFACTURERS OF HOTEL EQUIPMENT TO THIS TRADE OPPORTUNITY. END SUMMARY

2. LEASE AGREEMENT FOR CHOICE GVN-OWNED RIVERFRONT SITE WAS SIGNED ON APRIL 29 BY COMMISSIONER FOR TOURISM PHAM LUONG QUANG AND J. GERARD CALLAHAN, JR., MANAGING DIRECTOR OF SAIGON INTERNATIONAL HOTEL LTD. (SIHO) AFTER SEVERAL MONTHS OF DIFFICULT NEGOTIATIONS. SIHO WILL LEASE SITE FOR ANNUAL \$30,000 PAYMENT FOR 30 YEARS WITH OPTION TO RENEW FOR 20 MORE YEARS BUT WITH \$40,000 YEARLY FEE. MANAGEMENT OF HOTEL WILL BE PROVIDED BY HYATT INTERNATIONAL IN ASIA.

3. SLATOR WALKER HUTCHINSON LTD. OF HONG KONG IS HANDLING MERCHANT BANKING AND FINANCING ARRANGEMENTS. HONG KONG, AUSTRALIAN, AND U.S. INVESTORS ARE EXPECTED TO SUBSCRIBE TO EQUITY CAPITAL TO COMPLETE THE PROJECT ESTIMATED AT \$5-6 MILLION. THE ADDITIONAL \$7-8 MILLION NEEDED WILL BE FINANCED BY LOANS FROM VARIOUS SOURCES.

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4. CONSTRUCTION OF THE 550-ROOM DELUXE HOTEL, WHICH WILL HAVE ALL THE USUAL AMENITIES, IS EXPECTED TO BEGIN THIS FALL AND TO BE COMPLETED IN SPRING OF 1976.

5. COMMENT

THIS HOTEL PROJECT REPRESENTS ONE OF LARGEST FOREIGN INVESTMENTS IN VIETNAM SINCE THE CEASEFIRE. PSYCHOLOGICALLY, ITS IMPORTANCE FAR TRANSCENDS THE PROJECT'S DOLLAR VALUE, PARTICULARLY AT THIS TIME WHEN THE ECONOMY IS SEVERELY DEPRESSED. IMPLEMENTATION OF THIS PROJECT COULD SERVE TO REKINDLE FOREIGN INVESTORS' INTEREST IN THE COUNTRY'S OVERLOOKED DEVELOPMENT POTENTIAL NOT ONLY IN TOURISM BUT ALSO IN MANY OTHER FIELDS.

6. IN CONVERSATION FOLLOWING SIGNING CEREMONY SENIOR VICE PRESIDENT OF HYATT INTERNATIONAL IN HONG KONG REACTED WITH MUCH INTEREST TO SUGGESTION BY SAIGON REP OF MAJOR US BANK THAT THERE IS CONSIDERABLE POTENTIAL FOR A CHAIN OF WELL MANAGED SMALLER HOTELS IN VIETNAM ESPECIALLY IN POTENTIAL TOURIST AREAS AS NHA TRANG.

7. MEANWHILE, DENIS FRERES IS WORKING ON ITS HOTEL PROJECT WITH A NEW PARTNER BUTTERFIELD & SWIRE OF HONG KONG SINCE MITSUBISHI DROPPED OUT. HILTON GROUP IS STILL NEGOTIATING WITH GVN OVER THE HOTEL SITE.

8. SUGGEST OPIC AND EXIM BANK BE APPRISED OF THESE DEVELOPMENTS AS WE ARE SURE THEY WILL WISH TO BE AWARE OF GROWING INTEREST IN INVESTMENT AND EXPORT OPPORTUNITIES IN RVN.

9. ACTION REQUESTED

COMMERCE IS REQUESTED TO ALERT U.S. MANUFACTURERS OF HOTEL EQUIPMENT TO CONTACT MR. CALLAHAN AT THE FOLLOWING ADDRESS:

MR. GERARD CALLAHAN, JR.  
MANAGING DIRECTOR  
SAIGON INTERNATIONAL HOTEL LTD.  
9 CONG TRUONG LAM SON  
SAIGON, REPUBLIC OF VIETNAM  
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MARTIN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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**TAGS:** BEXP, VS  
**To:** COM  
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